

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.
UTU-01198-C
6. If Indian, Allottee or Tribe Name
7. If Unit or CA Agreement, Name and No.
UNIT #891008900A / NBU
8. Lease Name and Well No.
NBU 1022-21D
9. API Well No.
43-047-38163
10. Field and Pool, or Exploratory
NATURAL BUTTES
11. Sec., T., R., M., or Blk, and Survey or Area
SEC 21, T10S, R22E
12. County or Parish
UINTAH
13. State
UTAH

1a. Type of Work: ☒ DRILL ☐ REENTER

b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

2. Name of Operator
KERR McGEE OIL & GAS ONSHORE LP

3A. Address
1368 SOUTH 1200 EAST VERNAL, UT 84078

3b. Phone No. (include area code)
(435) 781-7024

4. Location of Well (Report location clearly and in accordance with any State requirements.)*
At surface **NWNW 410'FNL, 921'FWL 632416 X 39.940484**
At proposed prod. Zone **4422092 Y -109.450144**

14. Distance in miles and direction from nearest town or post office*
34.45 MILES SOUTHEAST OF OURAY, UTAH

15. Distance from proposed* location on to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
410'

16. No. of Acres in lease
40.00

17. Spacing Unit dedicated to this well
40.00

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
REFER TO TOPO C

19. Proposed Depth
8630'

20. BLM/BIA Bond No. on file
BOND NO. 2971100-2533

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
5300'GL

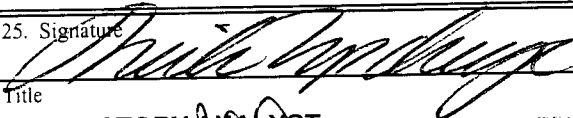
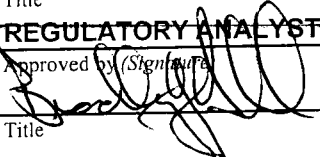
22. Approximate date work will start*

23. Estimated duration

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office. | 6. Such other site specific information and/or plans as may be required by the authorized office. |

25. Signature	Name (Printed/Typed)	Date
	SHEILA UPCHEGO	5/24/2006
Title		
REGULATORY ANALYST		
Approved by (Signature)	Name (Printed/Typed)	Date
	BRADLEY G. HILL	06-05-06
Title	Office	
	ENVIRONMENTAL MANAGER	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

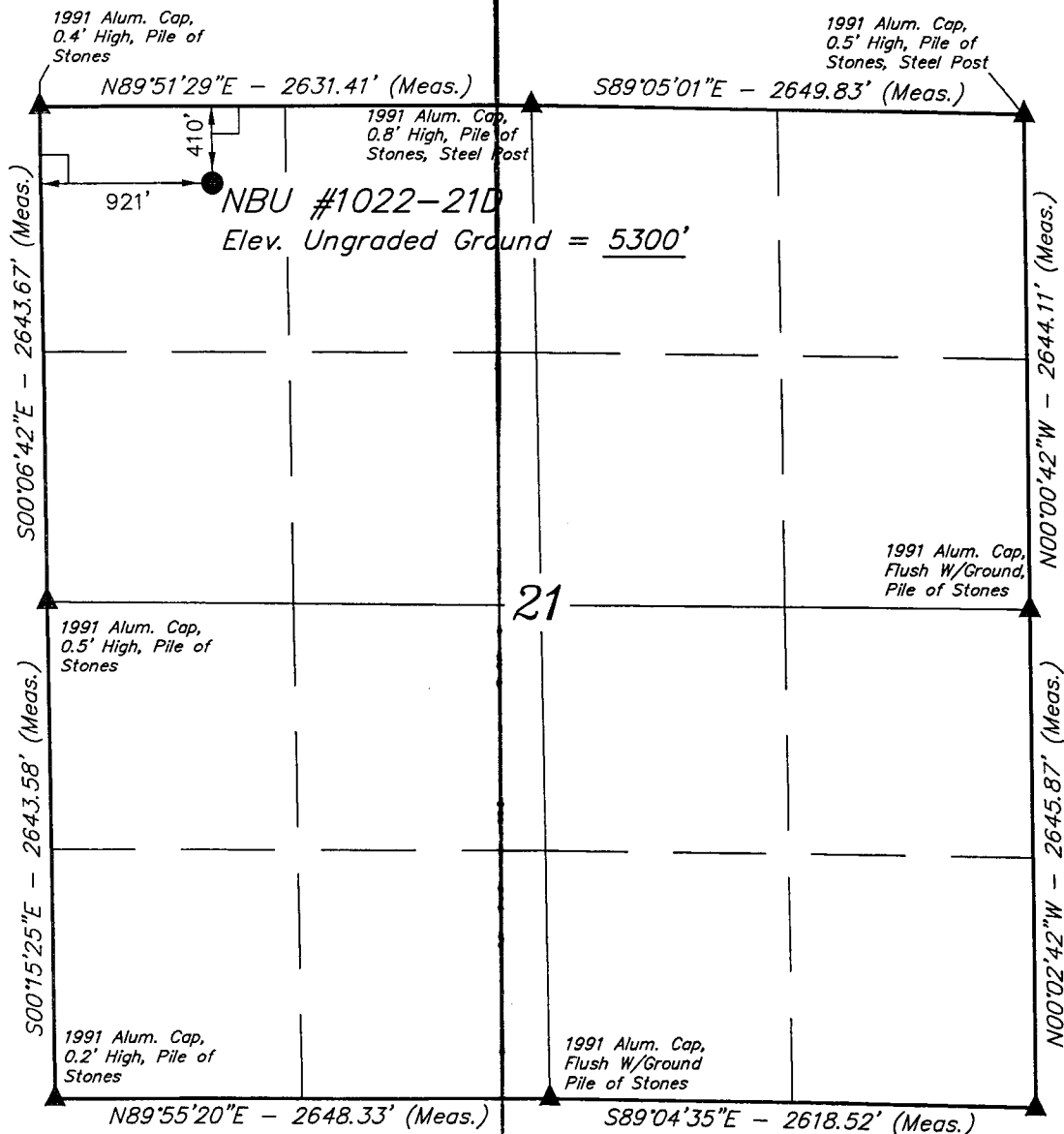
Federal Approval of this
Action Is Necessary

RECEIVED

MAY 30 2006

DIV. OF OIL, GAS & MINING

T10S, R22E, S.L.B.&M.



Kerr McGee Oil & Gas Onshore LP

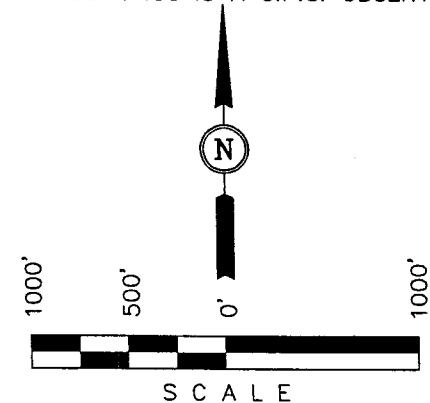
Well location, NBU #1022-21D, located as shown in the NW 1/4 NW 1/4 of Section 21, T10S, R22E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(NAD 83)
LATITUDE = 39°56'26.12" (39.940589)
LONGITUDE = 109°27'03.14" (109.450872)
(NAD 27)
LATITUDE = 39°56'26.24" (39.940622)
LONGITUDE = 109°27'00.68" (109.450189)

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 02-01-06	DATE DRAWN: 02-15-06
PARTY J.R. L.M. S.L.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE Kerr McGee Oil & Gas Onshore LP	

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

June 5, 2006

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 2006 Plan of Development Natural Buttes Unit Uintah
County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2006 within the Natural Buttes Unit, Uintah County, Utah.

API #	WELL NAME	LOCATION
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(Proposed PZ Wasatch/MesaVerde)

43-047-38159 NBU 1022-20B Sec 20 T10S R22E 0526 FNL 1964 FEL
43-047-38160 NBU 1022-21F Sec 21 T10S R22E 2074 FNL 2135 FWL
43-047-38161 NBU 1022-21B Sec 21 T10S R22E 0661 FNL 1987 FEL
43-047-38162 NBU 1022-21H Sec 21 T10S R22E 1760 FNL 1123 FEL
43-047-38163 NBU 1022-21D Sec 21 T10S R22E 0410 FNL 0921 FWL
43-047-38164 NBU 1022-22D Sec 22 T10S R22E 0692 FNL 0642 FWL
43-047-38165 NBU 1022-22L Sec 22 T10S R22E 1944 FSL 0941 FWL
43-047-38166 NBU 1022-28B Sec 28 T10S R22E 0643 FNL 1812 FEL
43-047-38171 NBU 1022-28C Sec 28 T10S R22E 0490 FNL 2456 FWL
43-047-38167 NBU 1022-28J Sec 28 T10S R22E 1990 FSL 2161 FEL
43-047-38168 NBU 1022-28H Sec 28 T10S R22E 2515 FNL 0461 FEL
43-047-38169 NBU 1022-28I Sec 28 T10S R22E 1780 FSL 0859 FEL
43-047-38172 NBU 1022-33P Sec 33 T10S R22E 0860 FSL 1067 FEL
43-047-38158 NBU 1022-6J Sec 06 T10S R22E 2208 FSL 1796 FEL
43-047-38150 NBU 1021-19M Sec 19 T10S R21E 0650 FSL 0772 FWL

Our records indicate the 1022-33P is closer than 460 feet from the Natural Buttes Unit boundary.

We have no objections to permitting the wells so long as the unit operator receives an exception to the locating and siting requirements of the State of Utah (R649-3-2).

/s/ Michael L. Coulthard

NBU #1022-21D
NW/NW Sec. 21, T10S, R22E
UINTAH COUNTY, UTAH
UTU-01198-C

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. **Estimated Tops of Important Geologic Markers:**

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	1138'
Top of Birds Nest Water	1415'
Mahogany	1929'
Wasatch	4195'
Mesaverde	6640'
MVU2	7590'
MVL1	8166'
TD	8630'

2. **Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:**

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Water	Green River	1138'
	Top of Birds Nest	1415'
	Mahogany	1929'
Gas	Wasatch	4195'
Gas	Mesaverde	6640'
Gas	MVU2	7590'
Gas	MVL1	8166'
Water	N/A	
Other Minerals	N/A	

3. **Pressure Control Equipment** (Schematic Attached)

Please see the Natural Buttes Unit Standard Operating Procedure (SOP).

4. **Proposed Casing & Cementing Program:**

Please see the Natural Buttes Unit SOP.

5. **Drilling Fluids Program:**

Please see the Natural Buttes Unit SOP.

6. **Evaluation Program:**

Please see the Natural Buttes Unit SOP.

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 8630' TD, approximately equals 5321 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3452psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

Drilling is planned to commence immediately upon approval of this application.

9. **Variances:**

Please see Natural Buttes Unit SOP.

10. **Other Information:**

Please see Natural Buttes Unit SOP.



KERR-McGEE OIL & GAS ONSHORE LP **DRILLING PROGRAM**

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE May 23, 2006
WELL NAME NBU 1022-21D TD 8,630' MD/TVD
FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,300' GL KB 5,315'
SURFACE LOCATION NWNW SECTION 21, T10S, R22E 410'FNL, 921'FWL BHL Straight Hole
Latitude: 39.940589 Longitude: 109.450872
OBJECTIVE ZONE(S) Wasatch/Mesaverde
ADDITIONAL INFO Regulatory Agencies: BLM (SURF & MINERALS), UDOGM, Tri-County Health Dept.

GEOLOGICAL FORMATION			MECHANICAL		
LOGS	TOPS	DEPTH	HOLE SIZE	CASING SIZE	MUD WEIGHT
		40'		14"	
			12-1/4"	9-5/8", 32.3#, H-40, STC	Air mist
Catch water sample, if possible, from 0 to 4,195'					
	Green River @	1,138'			
	Top of Birds Nest Water @	1,415'			
	Mahogany @	1,929'			
	Preset f/ GL @				
		2,020' MD			
Note: 12.25" surface hole will usually be drilled ±400' below the bottom of lost circulation zone. Drilled depth may be ±200' of the estimated set depth depending on the actual depth of the loss zone.					
Mud logging program TBD Open hole logging program f/ TD - surf csg					
	Wasatch @	4,195'			
	Mverde @	6,640'			
	MVU2 @	7,599'			
	MVL1 @	8,166'			
			7-7/8"	4-1/2", 11.6#, I-80 or equivalent LTC casing	Water/Fresh Water Mud 8.3-11.5 ppg
					Max anticipated Mud required 11.5 ppg
		TD @ 8,630'			



KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

CASING PROGRAM

	SIZE	INTERVAL	WT.	GR.	CPLG.	DESIGN FACTORS		
						BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'				2270	1370	254000
SURFACE	9-5/8"	0 to 2020	32.30	H-40	STC	0.70*****	1.45	4.45
						7780	6350	201000
PRODUCTION	4-1/2"	0 to 8630	11.60	I-80	LTC	2.38	1.23	2.30

- 1) Max Anticipated Surf. Press. (MASP) (Surface Casing) = (Pore Pressure at next csg point - (0.22 psi/ft - partial evac gradient x TVD of next csg point))
- 2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft - partial evac gradient x TD)
- (Burst Assumptions: TD = 11.5 ppg) .22 psi/ft = gradient for partially evac wellbore
- (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing * Buoy. Fact. of water)
- MASP 3262 psi

***** Burst SF is low but csg is much stronger than formation at 2000'. EMW @ 2000' for 2270# is 21.8 ppg or 1.13 psi/ft

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
Option 1	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite + .25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
Option 2	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	3,690'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	400	60%	11.00	3.38
	TAIL	4,940'	50/50 Poz/G + 10% salt + 2% gel + .1% R-3	1380	60%	14.30	1.31

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained

*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER:

Brad Laney

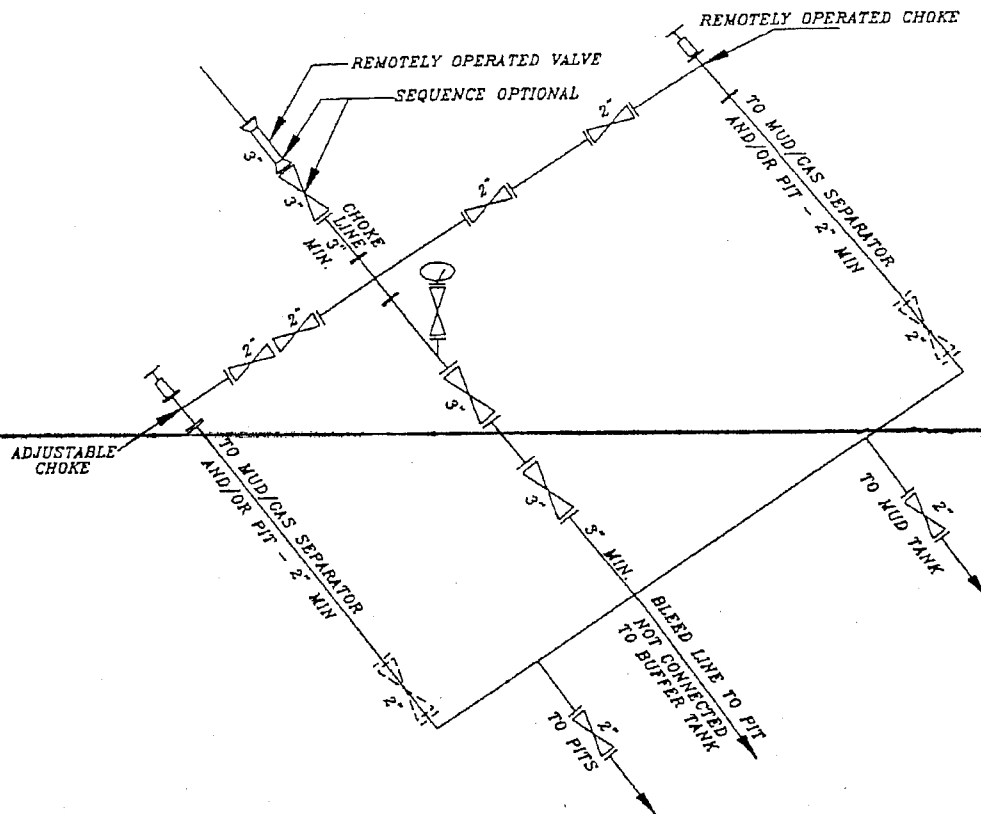
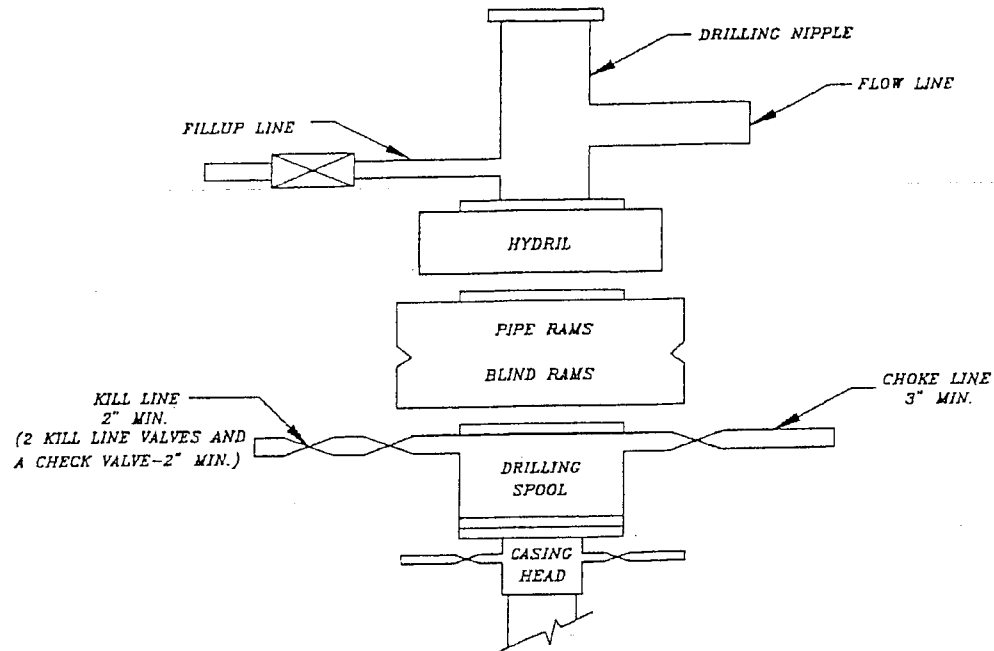
DATE:

DRILLING SUPERINTENDENT:

Randy Bayne

DATE:

5M BOP STACK and CHOKE MANIFOLD SYSTEM



**NBU #1022-21D
NWNW SEC 21-T10S-R22E
UINTAH COUNTY, UTAH
UTU-01198-C**

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Refer to the attached location directions.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

2. Planned Access Roads:

Please see the Natural Buttes Unit Standard Operating Procedure (SOP).

Approximately 0.3 miles +/- of new access road is proposed. Refer to Topo Map B.

3. Location of Existing Wells Within a 1-Mile Radius

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities

Please see the Natural Buttes Unit SOP.

Refer to Topo Map D for the location of the proposed pipeline.

Variances to Best Management Practices (BMPs) Requested:

Approximately 2150' of 4" and Approximately 1100' +/- of 6" steel pipeline will be installed from the location to an existing pipeline. The pipeline shall be installed on surface within the access corridor for the well location. As a Best Management Practice (BMP), the pipeline would be buried within the access road corridor if possible. The construction of pipelines requires the corridor of 30 feet.

This exception to the BMP should be granted by the BLM Authorized Officer because indurated bedrock, such as sandstone, is at or within 2 feet of the surface and the soil has a poor history for successful rehabilitation.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The requested color is Carlsbad Canyon Brown (2.5Y 6/2), a non-reflective earthtone.

5. Location and Type of Water Supply:

Please see the Natural Buttes SOP.

6. **Source of Construction Materials**

Please see the Natural Buttes SOP.

7. **Methods of Handling Waste Materials**

Please see the Natural Buttes SOP.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec. 35, T9S R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E (*Request is in lieu of filing Form 3160-5, after initial production*).

8. **Ancillary Facilities**

Please see the Natural Buttes SOP.

9. **Well Site Layout:** (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

A 20 mil reserve pit liner with felt will be used. As discussed at the on-site inspection.

Location size may change prior to the drilling of the well due to the current rig availability. If the proposed location is not large enough to accommodate the drilling rig. The location will be re-surveyed and a form 3160-5 will be submitted.

10. **Plans for Reclamation of the Surface:**

Please see the Natural Buttes SOP.

When the pit is backfilled, the topsoil pile shall be spread on the location up to the rig anchor points. The location will be reshaped to the original contour to the extent possible. The following seed mixture will be used to reclaim the surface for interim reclamation using appropriate reclamation methods. A total of 12 lbs/acre will be used if the seeds are drilled (24 lbs/acre if the seeds are broadcast). The per acre requirements for **drilled** seed are:

Crested Wheat Grass	4 lbs.
Indian Rice Grass	4 lbs.
Needle and Thread Grass	4 lbs.

Operator shall call the BLM for the seed mixture when final reclamation occurs.

11. Surface Ownership:

The well pad and access road are located on lands owned by:

United States of America
Bureau of Land Management
170 South 500 East
Vernal, UT 84078
(435)781-4400

12. Other Information:

A Class III archaeological survey has been performed and completed on April 11, 2006, the Archaeological Report No. 06-61.

A Paleontological Reconnaissance Report will be submitted when report becomes available.

WILDLIFE STIPS:

ANTELOPE: - No Construction or Drilling May 15th – June 20th.

This location is not within 460' from the boundary of the Natural Buttes Unit, nor is it within 460' of any non-committed tract lying within the boundaries of the Unit.

13. Lessee's or Operator's Representative & Certification:

Sheila Ucphego
Regulatory Analyst
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435) 781-7024

Randy Bayne
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435) 781-7018

Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under the terms and conditions of the lease for the operations conducted upon leased lands.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by BLM Nationwide Bond #2971100-2533.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.



Sheila Upchego

5/24/2006

Date

Kerr-McGee Oil & Gas Onshore LP
NBU #1022-21D
SECTION 21, T10S, R22E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 11.2 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 8.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 1.8 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN RIGHT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 1.1 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 0.15 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTH; FOLLOW ROAD FLAGS IN A NORTHERLY, THEN NORTHWESTERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 54.75 MILES.

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-21D

LOCATED IN UINTAH COUNTY, UTAH

SECTION 21, T10S, R22E, S.L.B.&M.

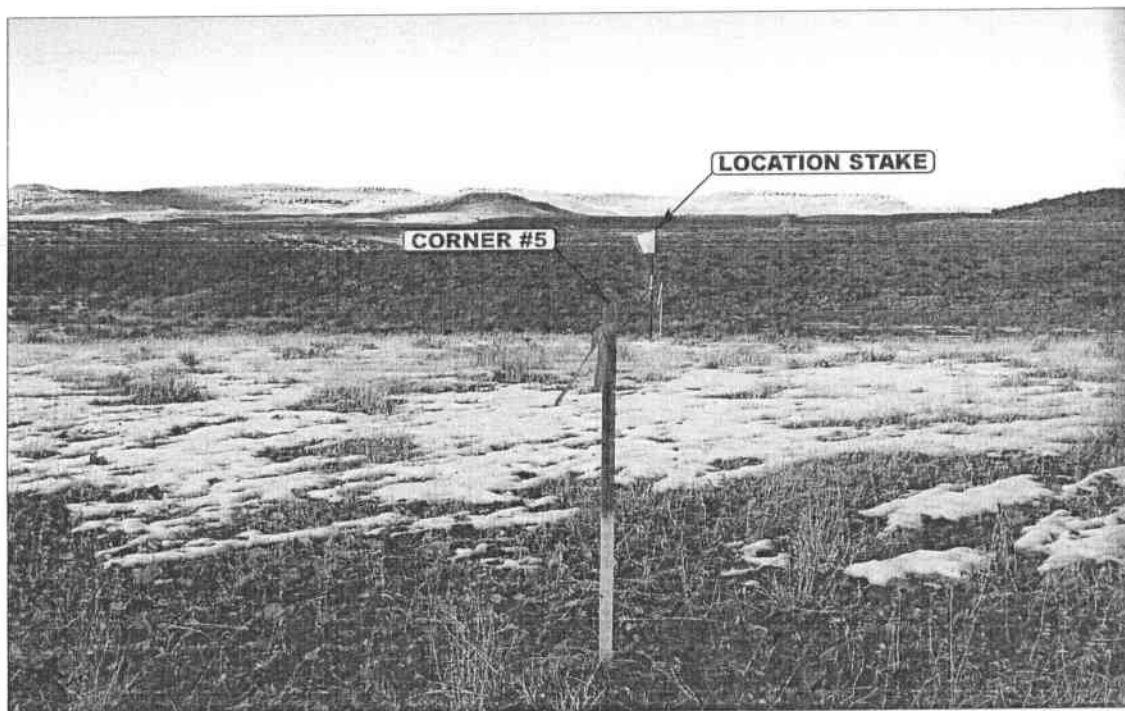


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY

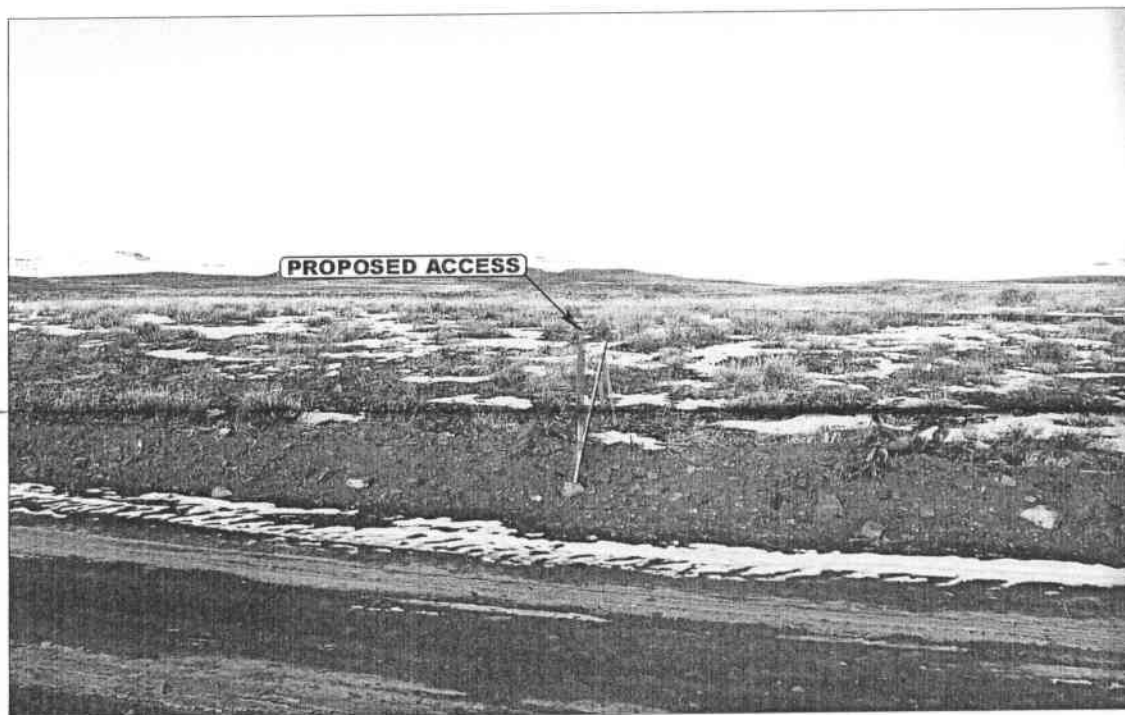


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

02 22 06
MONTH DAY YEAR

PHOTO

TAKEN BY: J.R.

DRAWN BY: B.C.

REVISED: 00-00-00

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-21D

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH

SECTION 21, T10S, R22E, S.L.B.&M.

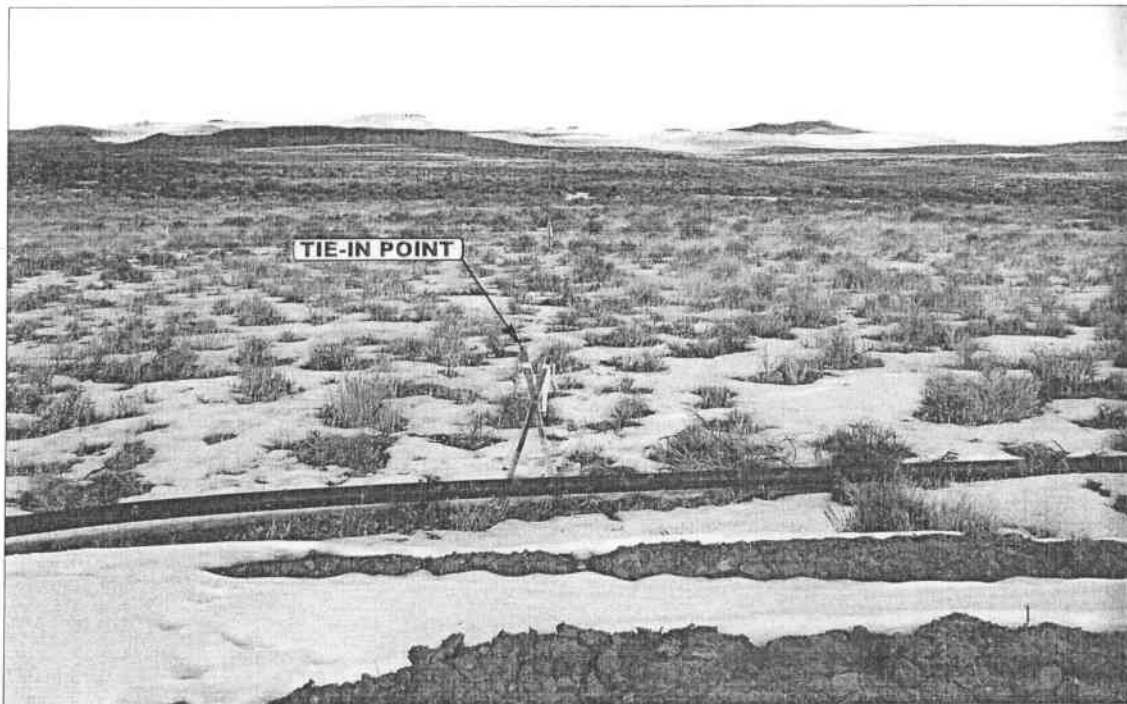


PHOTO: VIEW OF TIE-IN POINT

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: WESTERLY



- Since 1964 -

UELS

Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

PIPELINE PHOTOS

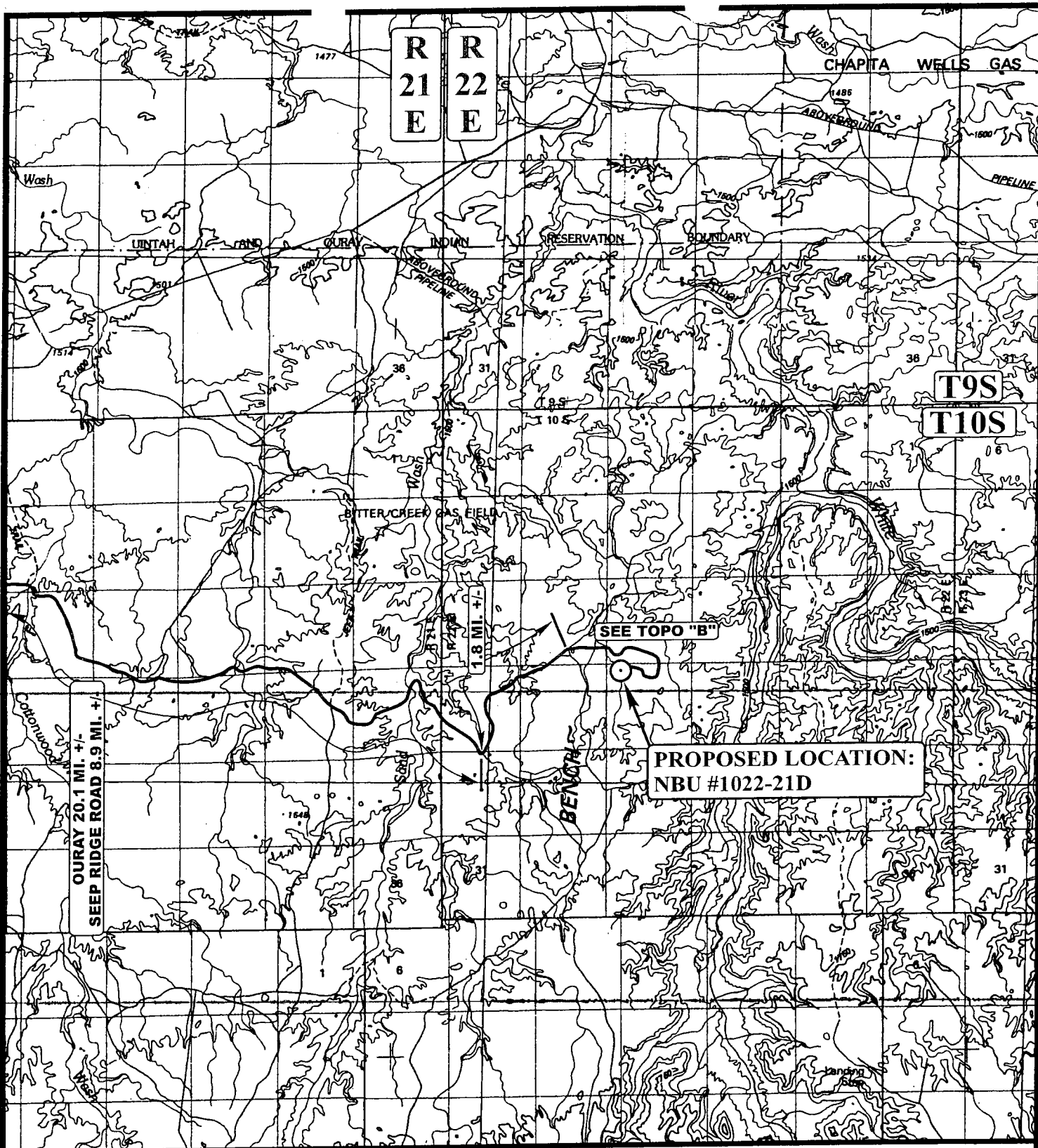
02 22 06
MONTH DAY YEAR

PHOTO

TAKEN BY: J.R.

DRAWN BY: B.C.

REVISED: 00-00-00



LEGEND:

○ PROPOSED LOCATION

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-21D

SECTION 21, T10S, R22E, S.L.B.&M.

410' FNL 921' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

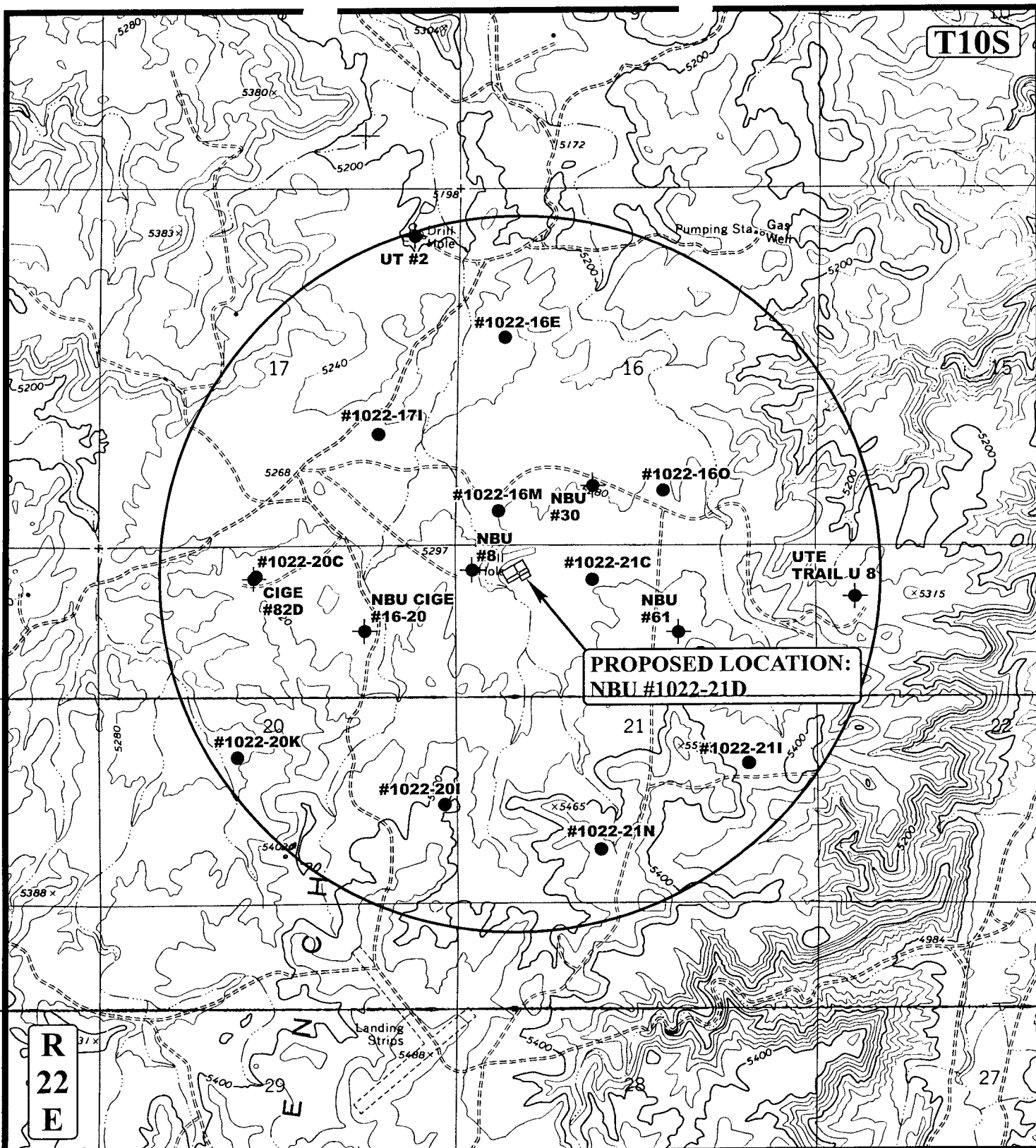


TOPOGRAPHIC
 MAP

02 22 06
 MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: B.C. REVISED: 00-00-00





LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-21D
SECTION 21, T10S, R22E, S.L.B.&M.
410' FNL 921' FWL



Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC
MAP

02 22 06
MONTH DAY YEAR

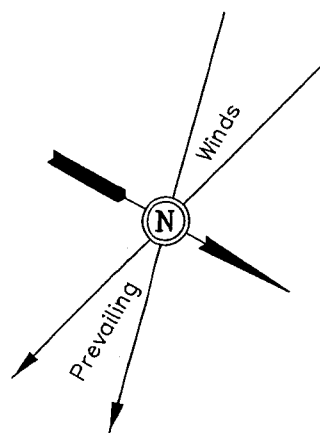
SCALE: 1" = 2000' DRAWN BY: B.C. REVISED: 00-00-00



FIGURE #1

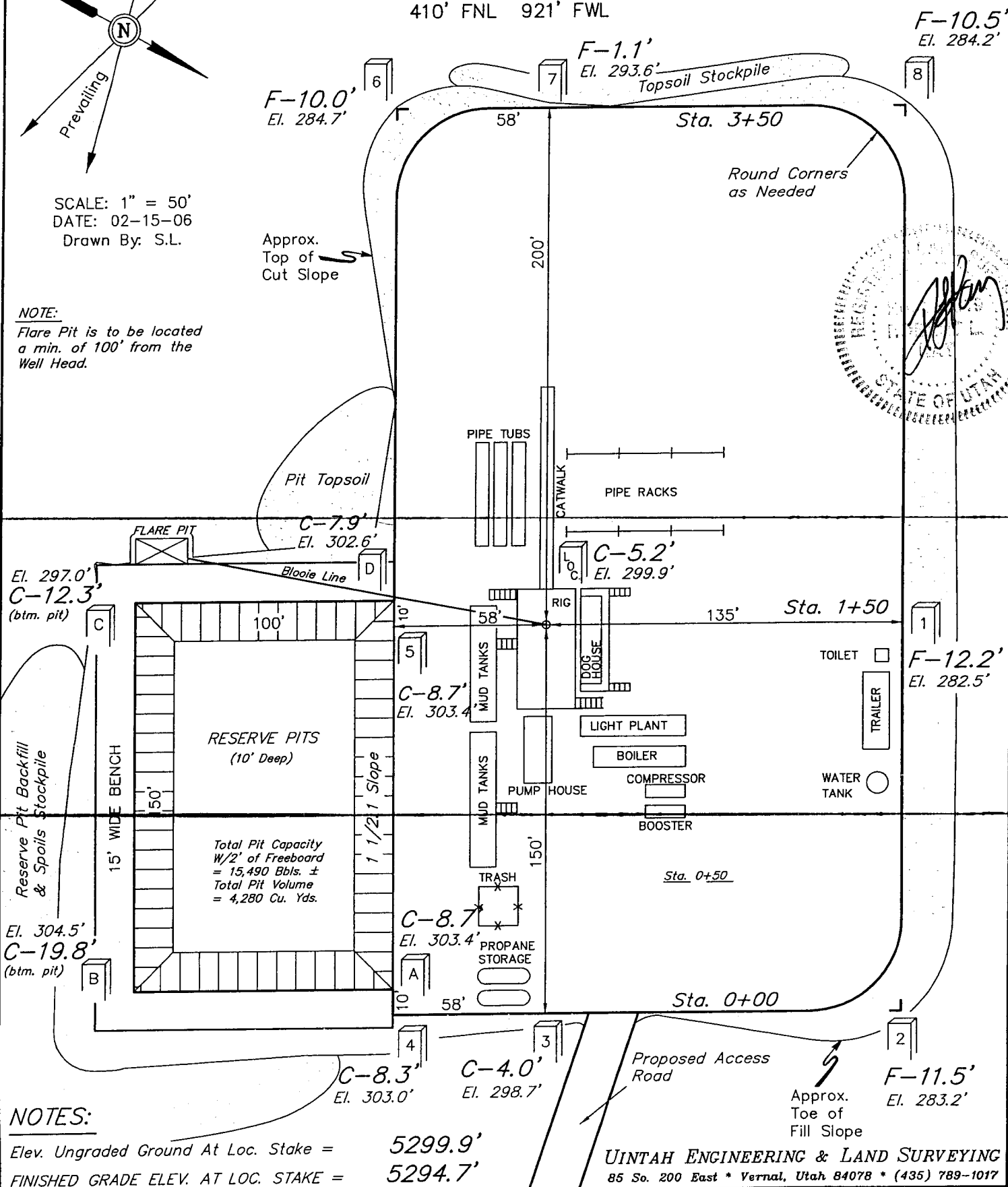
NBU #1022-21D

410' FNL 921' FWL



Drawn By: S.L.

Flare Pit is to be located
a min. of 100' from the
Well Head.



Kerr-McGee Oil & Gas Onshore LP

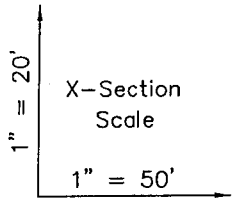
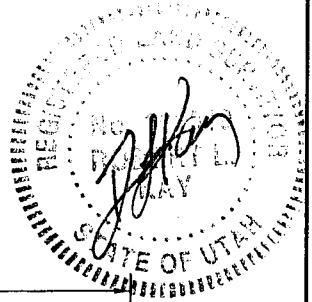
FIGURE #2

TYPICAL CROSS SECTIONS FOR

NBU #1022-21D

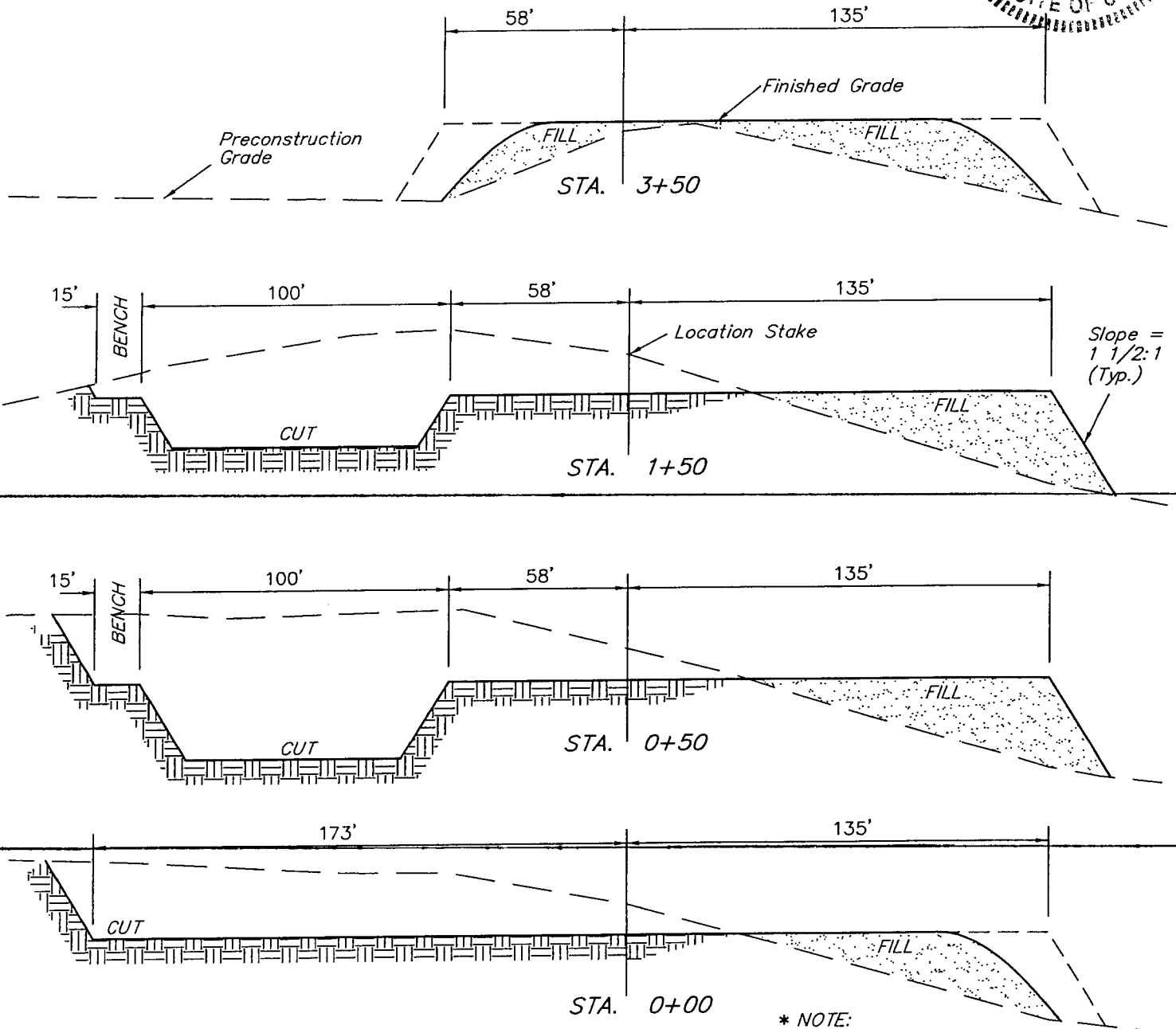
SECTION 21, T10S, R22E, S.L.B.&M.

410' FNL 921' FWL



DATE: 02-15-06

Drawn By: S.L.



* NOTE:
FILL QUANTITY INCLUDES
5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,970 Cu. Yds.
Remaining Location	= 14,210 Cu. Yds.
TOTAL CUT	= 16,170 CU.YDS.
FILL	= 12,070 CU.YDS.

EXCESS MATERIAL	= 4,110 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 4,110 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 05/30/2006

API NO. ASSIGNED: 43-047-38163

WELL NAME: NBU 1022-21D

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

CONTACT: SHEILA UPCHEGO

PHONE NUMBER: 435-781-7024

PROPOSED LOCATION:

NWNW 21 100S 220E

SURFACE: 0410 FNL 0921 FWL

BOTTOM: 0410 FNL 0921 FWL

COUNTY: UINTAH

LATITUDE: 39.94048 LONGITUDE: -109.4501

UTM SURF EASTINGS: 632416 NORTHINGS: 4422092

FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-01198-C

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WSMVD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. 2971100-2533)

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit
(No. 43-8496)

☒ RDCC Review (Y/N)
(Date:)

☒ Fee Surf Agreement (Y/N)

☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

R649-2-3.

Unit: NATURAL BUTTES

R649-3-2. General

Siting: 460' From Qtr/Qtr & 920' Between Wells

R649-3-3. Exception

☒ Drilling Unit

Board Cause No: 173-14

Eff Date: 12-2-1999

Siting: 460' fr 116drg / 8 uncomm. trace

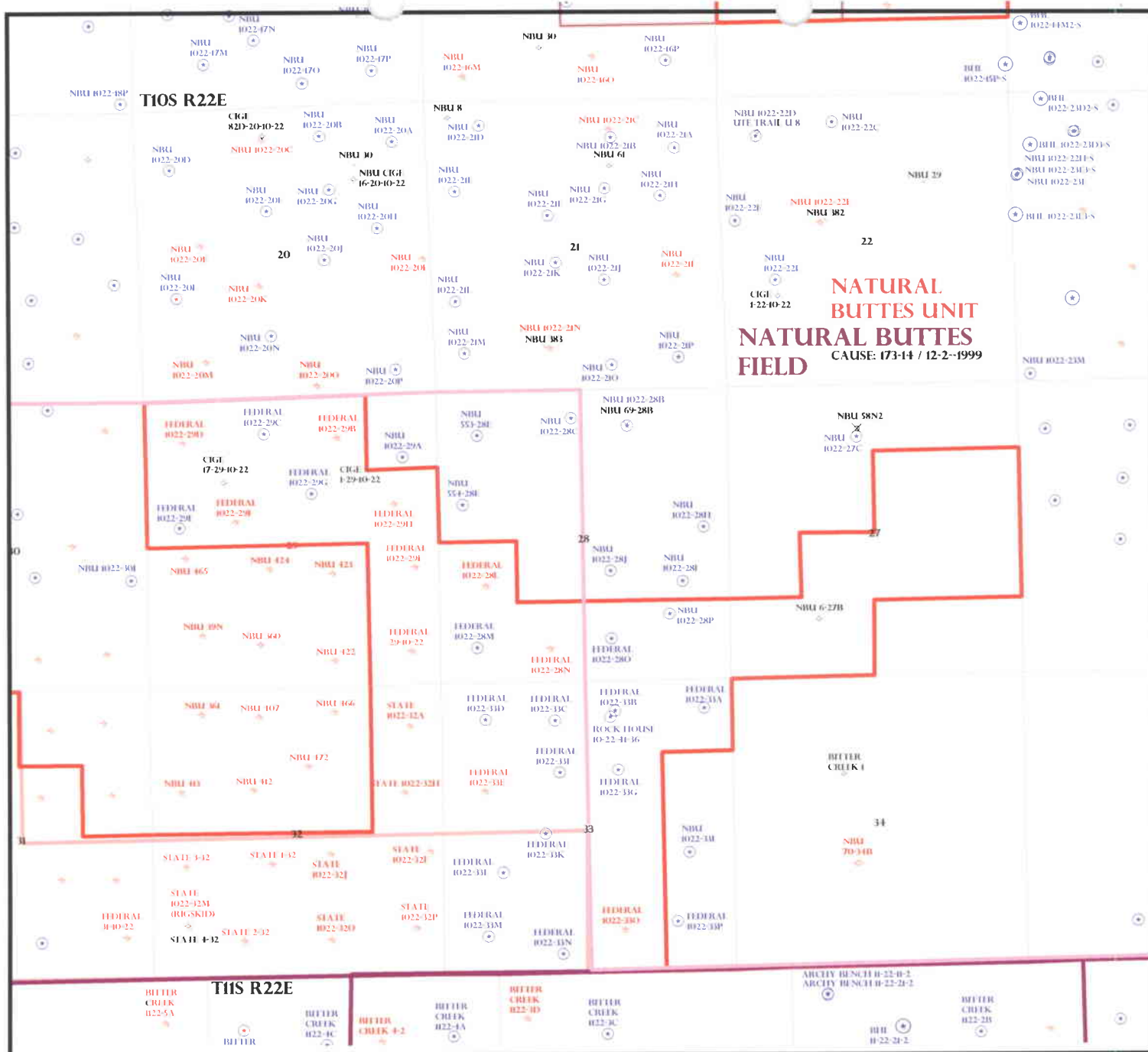
R649-3-11. Directional Drill

COMMENTS:

Sop, Separate file

STIPULATIONS:

1- Federal Approval
2- Oil Shale



OPERATOR: KERR-MCGEE O&G (N2995)

SEC: 21,22,28,33 T. 10S R. 22E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

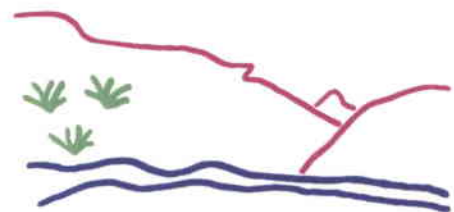
CAUSE: 173-14 / 12-2-1999

Field Status
 [Black Box] ABANDONED
 [Pink Box] ACTIVE
 [Light Pink Box] COMBINED
 [Purple Box] INACTIVE
 [Light Blue Box] PROPOSED
 [Orange Box] STORAGE
 [White Box] TERMINATED

Unit Status
 [White Box] EXPLORATORY
 [Light Blue Box] GAS STORAGE
 [Light Blue Box] NF PP OIL
 [Light Blue Box] NF SECONDARY
 [Light Blue Box] PENDING
 [Green Box] PI OIL
 [Red Box] PP GAS
 [Red Box] PP GEOTHERML
 [Green Box] PP OIL
 [Light Blue Box] SECONDARY
 [White Box] TERMINATED

Wells Status

[Red Star] GAS INJECTION
 [Red Star] GAS STORAGE
 [Red Star] LOCATION ABANDONED
 [Red Star] NEW LOCATION
 [Red Star] PLUGGED & ABANDONED
 [Red Star] PRODUCING GAS
 [Red Star] PRODUCING OIL
 [Red Star] SHUT-IN GAS
 [Red Star] SHUT-IN OIL
 [Red Star] TEMP. ABANDONED
 [Red Star] TEST WELL
 [Red Star] WATER INJECTION
 [Red Star] WATER SUPPLY
 [Red Star] WATER DISPOSAL
 [Red Star] DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
 DATE: 5-JUNE-2006



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

June 5, 2006

Kerr-McGee Oil & Gas Onshore LP
1368 S 1200 E
Vernal, UT 84078

Re: Natural Buttes Unit 1022-21D Well, 410' FNL, 921' FWL, NW NW, Sec. 21,
T. 10 South, R. 22 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38163.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: Kerr-McGee Oil & Gas Onshore LP
Well Name & Number Natural Buttes Unit 1022-21D
API Number: 43-047-38163
Lease: UTU-01198-C

Location: NW NW **Sec.** 21 **T.** 10 South **R.** 22 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.

5. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 16, 2007

Sheila Upchego
Kerr-McGee O&G Onshore LP
1368 South 1200 East
Vernal, UT 84078

Re: APDs Rescinded at the request of Kerr McGee O&G Onshore, LP

Dear Ms. Upchego:

Enclosed find the list of APDs that you requested to be rescinded to Kerr-McGee O&G. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective July 16, 2007.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal



Page 2
July 16, 2007
Subject:

NBU 1020-26K

NBU 1022-21F

NBU 1022-21B

NBU 1022-21H

NBU 1022-21D

NBU 1022-22D

NBU 1022-22L